

## ADMINISTRATION AND FINANCE COMMITTEE

DATE: March 20, 2007

CALLED TO ORDER: 5:03 p.m.

ADJOURNED: 6:45 p.m.

### ATTENDANCE

#### Attending Members

Joanne Sanders, Chair  
Paul Bateman  
Lynn McWhirter  
Jackie Nytes  
Lincoln Plowman

#### Absent Members

Vernon Brown  
Lance Langsford

### AGENDA

PROPOSAL NO. 100, 2007 - reappoints John Thompson to the City-County Administrative Board

“Postponed” until April 3, 2007

Vote 5-0

PROPOSAL NO. 101, 2007 - reappoints Brenda Rising-Moore to the City-County Administrative Board

“Do Pass”

Vote 5-0

PROPOSAL NO. 102, 2007 - authorizes the issuance of up to \$75 million in refunding bonds to generate savings and provide funds for capital projects

“Do Pass”

Vote 5-0

Update on the Tax Management Associates (TMA) contract

## ADMINISTRATION AND FINANCE COMMITTEE

The Administration and Finance Committee of the City-County Council met on Tuesday, March 20, 2007. Chair Joanne Sanders called the meeting to order at 5:03 p.m. with the following members present: Paul Bateman, Lynn McWhirter, Jackie Nytes, and Lincoln Plowman. Absent were Vernon Brown and Lance Langsford. Representing Council staff was Bart Brown, Chief Financial Officer.

### PROPOSAL NO. 100, 2007 - reappoints John Thompson to the City-County Administrative Board

Chair Sanders said that Mr. Thompson is unable to attend the meeting. Councillor McWhirter moved, seconded by Councillor Bateman, to "Postpone" Proposal No. 100, 2007 until April 3, 2007. The motion carried by a vote of 5-0.

### PROPOSAL NO. 101, 2007 - reappoints Brenda Rising-Moore to the City-County Administrative Board

Ms. Rising-Moore said that she has served on the Board for approximately six months and it has been a challenge to get up to speed, but it has also been a wonderful experience. She said that the Board has gone through a lot with the changes due to the election, which has resulted in many last minute issues. She said that her only concern is that sometimes there is not enough time to look over all necessary information, as they try to remain on track. Chair Sanders said that the Council appreciates when citizens are actively involved in local government and commit their time, as they realize that it is a volunteer commitment. Chair Sanders asked if the clerk was aware of Ms. Rising-Moore's attendance record. The clerk answered in the negative. Ms. Rising-Moore answered that she has missed one meeting due to a pre-planned family vacation.

Councillor Nytes asked Ms. Rising-Moore to give a brief description of the responsibilities of the Administrative Board. Ms. Rising-Moore said that the Board usually receives a packet of issues to research and formulate decisions. Councillor Nytes asked if the types of things that come before the Board are contracts, proposals, and other issues from agencies that do not have another governing board. Ms. Rising-Moore answered in the affirmative. Chair Sanders said that she understands how Ms. Rising-Moore can be concerned about trying to come up to speed with some information that could be two to three years old, as the Administrative and Finance Committee reflects on some of the items relative to contract negotiations for the Sheriff's Department, and now, Indianapolis Metropolitan Police Department (IMPD).

Councillor Nytes moved, seconded by Councillor McWhirter, to forward Proposal No. 101, 2007 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 5-0.

### PROPOSAL NO. 102, 2007 - authorizes the issuance of up to \$75 million in refunding bonds to generate savings and provide funds for capital projects

Barbara Lawrence, Executive Director, Indianapolis Bond Bank, said that the Bond Bank would like to present and seek approval for Refunding Bonds of 2007, Series D. She introduced Brad Hartz, Senior Project Manager, Bond Bank. She said that generally she comes before the

Committee to request bonds for new things, but currently she is here to ask for authorization to issue bonds that will save the City money and will float back to its qualified entities and the departments that originally benefited from the bond issue. She said as the Bond Bank goes through all of its outstanding issues, team members are being sought to help assess the benefit or cost of doing the refunding. In some instances it results in a small savings amount, but in this case, it is a substantial amount, depending on the market conditions. She said that it could range anywhere from \$2.7 million to \$3.4 million. Ms. Lawrence distributed a handout (Exhibit A) that outlined their presentation, which included the following key points:

- **2007 Bond Refunding – Overview** given by Ms. Lawrence
  - Refunding occurs primarily because the interest rate, environment, and market conditions differ substantially from when the bonds were originally issued.
  - Current low interest rate environment presents an excellent opportunity for the Indianapolis Bond Bank to lock in significant savings through a current refunding transaction of the 1998A Bonds.
  - The original issue was 1993 “Building Better Neighborhoods” Bonds for projects in the:
    - Sanitary District
    - Parks Department
    - Flood Control District
    - Metro Thoroughfare District
  - In 1998, the Bond Bank did an advance refunding of a portion of the 1993 Bonds.
  - It is now economically advantageous to do a current refunding of the 1998A Bonds to generate savings.
- **Structure of Proposed Refunding** given by Mr. Hartz
  - The Indianapolis Bond Bank would like to do a current refunding of certain maturities of the 1998A Bond Bank Bonds that can be executed now, for forward delivery, or any time until the due date in February 1, 2008.
  - The Bond Bank anticipates issuing \$69.055 million to refund approximately \$68.205 million of the 2014-2018 maturities of the outstanding 1998A Bond Bank Bonds.
  - Debt service for the 2007 refunding transaction will match, as closely as possible, the existing debt service for the 1998A Bond Bank Bonds being refunded.
- **Qualified Entities – Projects** given by Mr. Hartz
  - Flood Control District Uses:
    - Sanitary and Flood Improvements to reduce flooding
    - Improvements to Storm Sewer Drainage to provide flood control
    - Regional Drainage and Flood Control Improvements
    - Separation and Renovation of the Sewer System
  - Metropolitan Thoroughfare District Uses:
    - Bridge Rehabilitations, Improvements, and Replacements
    - Street reconstructions and widening
    - Intersection improvements
    - Traffic Control projects
  - Park District Uses:
    - Rehabilitations and improvements to Municipal Parks
    - Renovations to city swimming pools

- Renovations to athletic facilities
  - Developing Trails/Greenways and Picnic/Playground areas
- Sanitary District Uses:
  - Rehabilitations and improvements to Wastewater Treatment Plants
  - Studies, assessments, cleaning, and improvements of sewers
  - Assessments and improvements to various pump stations
  - New Sanitary sewers and extensions
- **2007 Bond Refunding – Analysis** given by Mr. Hartz
  - Based on February 12, 2007, market conditions reflect a savings of approximately \$2.7 million in net present value (NPV) or 3.98% refunded par.
    - Total interest cost = 4.13%
    - Net interest cost = 4.27%
    - All-in total interest cost = 4.27%
    - Delivery date of 11/6/2007
  - Total Qualified Entities Savings = \$2.7 million
    - Flood Control District - \$225,000
    - Metropolitan Thoroughfare District - \$866,000
    - Park District - \$483,000
    - Sanitary District - \$1,135,000
- **2007 Bond Refunding – Schedule** given by Ms. Lawrence
  - Government Approvals:
    - March 5 – City-County Council Introduction
    - March 14 – Board of Public Works – approved
    - March 19 – Indianapolis Bond Bank Board – approved
    - March 20 – City County Council Administration and Finance Committee – for consideration
    - March 22 – Parks Board – for consideration
    - March 26 – Full City County Council – if approved by Administration and Finance Committee
  - Other Milestones:
    - April – price the 2007 Refunding Bonds and the transaction
    - November – Close and issue 2007 Refunding Bonds – within 90 days allowed to call the bonds before the February 1, 2008 deadline.

[Clerk's note: A full copy of Exhibit A is on file in the Council Office with the original set of minutes.]

Chair Sanders asked for an explanation of the total interest cost, the net interest cost, and the all-in interest cost as described in the analysis (shown on page 7 of Exhibit A). Diana Hamilton, Financial Advisor to Bond Bank and Sycamore Advisors, LLC President, said that the all-in interest cost includes everything over and above the actual interest expense such as rating, cost of issuance, legal expenses, bond insurance, and some run analysis.

Councillor Bateman asked why the \$2.7 million savings would not go back into the General Fund. Ms. Lawrence said that City-issued bonds are for specific purposes; therefore, any proceeds generated from a refunding must be used for the same issues and projects. She said that the amount going back to each entity is based on the amount that is outstanding.

Councillor McWhirter asked if the \$2.7 million savings will later cost the City more. Ms. Lawrence answered in the negative. She said that amount is the net present value amount which the City would receive up front.

Councillor McWhirter said that the distribution will be received in November of 2007, which is after the budget is set for 2008. She asked if the proceeds have to be spent on projects in the qualified entities or are simply put back into the funds of those entities. Ms. Lawrence answered that the money can go to either the funds or the projects. Councillor McWhirter asked if those amounts will be counted in the 2008 budget.

Council Chief Financial Officer, Bart Brown asked if the bonds are General Obligation (GO) Bonds. Ms. Lawrence answered in the affirmative. Mr. Brown asked if the savings is calculated interest savings or if the Bond Bank will actually receive cash out to deposit into the debt service accounts of the qualified entities. Ms. Lawrence answered that the savings will be received as cash up front and redistributed to the qualified entities as Bond Proceeds, and their debt service will remain the same. Mr. Brown asked what will happen with the proceeds. Ms. Lawrence answered that the proceeds will either be expended for projects or put back into the entities' fund balances. Mr. Brown asked if there is an appropriation request involved with the proposal. Ms. Lawrence answered in the negative, as the authorization is determined by the Council, and the appropriation will be determined at the board level. Mr. Brown said that once a bond is issued, the appropriation comes with the bond issue, and this money will be put into the Bond Fund and may possibly be used for projects. He asked if another option might have been to reduce debt service instead of taking the proceeds. Ms. Lawrence answered in the affirmative. Mr. Brown said that this option could reduce property taxes, by transferring some of the bond proceeds to debt service. Therefore, the money may or may not be used for the 2008 budget, depending on which option the Council and the City decide upon. Ms. Lawrence said that it was determined through discussions with the Department of Public Works and the Parks Department that it would be beneficial to have the revenues for projects to meet their ongoing capital needs.

Councillor McWhirter asked what the current bond rating is for the City. Ms. Lawrence said that the City's rating is still good and bonds are continuing to be issued, but one of the challenges is the unfunded pension obligation. She said that although it was not popular to issue \$100 million in Pension Obligation Bonds at the time, rating agencies view it as an important, positive step and they like to see that the City is taking steps to solve the problem.

Councillor Nytes said that she supports putting the proceeds back to work for the qualified entities, because there are lists of things that constituents would like done in their neighborhoods and finding resources to handle the requests is difficult. She said that the benefit to using the proceeds to pay down the debt would be miniscule to an individual taxpayer and more results will be seen in the completion of projects. Councillor Nytes said that it is helpful to the City when refunding is found in this fashion. She asked if there are other opportunities such as this. Ms. Lawrence answered that there is one other opportunity that will come before the Committee, and she stated that any savings amount that is discussed with the Committee is savings after expenses. She said that the Bond Bank is being vigilant in examining all opportunities, as market conditions change.

Chair Sanders said that she would be very leery of using anticipated funds with such a volatile market in terms of creating the 2008 budget. She said that she feels that the funds should be dealt with when they are received.

Councillor Bateman moved, seconded by Councillor Nytes, to forward Proposal No. 102, 2007 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 5-0.

Update on the Tax Management Associates (TMA) contract

Chair Sanders said that Mr. Brown has the responsibility to keep the Council informed of what is going on financially at the city and county level, relative to the budget. Mr. Brown said that the Council was first involved in the TMA issue when the Assessors entered into a contract in 2004 and later realized that the means was not available to pay the contractor. He said that he believes that there are statutes that state that contractors may be paid directly out of funds collected by audits. Mr. Brown said that when the Assessors met with the Treasurer and the Auditor, it was determined that the best way to pay the contractor was to set up a fund, which can only be done through the Council. He said that the reasons to outsource were because the Assessors did not have the qualified people available to perform the audits and there was also a claim that a state statute established that only the State does audits over \$150,000. Mr. Brown said that TMA was chosen for the following reasons:

- 1) They had a track record of receiving a three-to-one or a four-to-one ratio, which would result in \$3 million being received by the local units of government for every \$4 million collected.
- 2) They would never collect more than what they found.
- 3) They could do all the townships at the same time.
- 4) No other company in Indiana could do this type of work.

Mr. Brown said that in June, 2006, some results were seen, and a claim was made that the transactions has not cost taxpayers any money. However, that was not true, because it cost money to pay TMA, but they were also bringing in money. He said that the June 2006 estimate was that \$15 million to \$18 million would be collected, as TMA could get to the companies that were suspected of under-reporting. Chair Sanders said that Mr. Brown's comments reflect the history of statements made at previous Administration and Finance Committee meetings, as people presented early results. She said that she recalls the statements made at the meetings, but she does not recall receiving much documentation summarizing cost versus collections. Mr. Brown said that requests were made for the documentation and promises were made to honor the requests, but he has no record of any documentation to meet those requests.

Mike Rodman, Marion County Treasurer, said that he believes that he and Paul Ricketts, former Lawrence Township Assessor, appeared before the Committee last fall with figures that were not in balance. He said that the two of them were to re-appear before the Committee; however, Mr. Ricketts is no longer the Lawrence Township Assessor. Mr. Rodman said that the only figures that he has are the ones from the Treasurer's Office, and he distributed a handout (Exhibit B). [Clerk's note: A full copy of Exhibit B is on file in the Council Office with the original set of minutes.]

Cindy Land, Deputy Administrator, Treasurer's Office, said that the last page of Exhibit B represents the total taxes collected in 2005 and 2006 by township and the Property Tax Replacement Credit (PTRC) that the Treasurer billed the State in order to have a gross tax collection. She said that per the contract, TMA was entitled to a gross tax distribution, which is the net tax with the PTRC. Ms. Land said that over \$8 million of taxes were collected in 2005 and 2006, and the PTRC collected from the State was \$1.5 million. Therefore, the total taxes available are \$10.1 million. Ms. Land said that TMA invoices were provided to the township assessors, and the Treasurer's Office would receive invoices from the assessors by signature or by e-mail indicating which ones were authorized for payment. She said that the last page of Exhibit B reflects that invoices totaled \$7.1 million and TMA was paid \$6.2 million, which leaves a balance of approximately \$862, 000.

Councillor McWhirter asked if the total taxes that were collected in 2005 and 2006 were reflective of only those collected by TMA. Ms. Land answered in the affirmative. She said that there are unpaid balances to TMA, but money was paid to the individual units. She explained that TMA was only paid based on their invoice amount or what the Treasurer's Office had available per cycle. Ms. Land said that the ordinance indicates that all monies go into the fund and are to be paid out every June and December. She said whatever is not paid to TMA, goes to the individual units, which totaled \$3.8 million. Ms. Land said, per the original contract and City Legal, penalties and interest were not to be included in payments to TMA; therefore, the units received \$2.3 million in penalty and interest for a total received of \$6.2 million.

Ms. Land said, in addition, the State indicated that if TMA does discovery and uncovers that there should be an increase in assessed value (AV), the treasurers will increase those amounts. However, if it is discovered that over-reporting has been done, those cases are entitled to refunds. She said that there was \$2 million of discovery refunds, which comes out of money that will be distributed to the units of government. Therefore, the net benefit to units is \$4.2 million.

Mr. Rodman said that page 1 of Exhibit B is broken up into townships, illustrating the total invoices for each township, the amount paid to TMA, the outstanding amount still owed to TMA, and unknown amounts that are unbilled. Mr. Rodman said that it is his understanding that TMA has not yet sent in all of their invoices, but he is not sure of the dollar amount of those invoices. Ms. Land said that she believes that TMA has only billed for the items that have provided an increase in billing. She said that the concern is that if the Treasurer's Office does not collect enough money, TMA is still entitled to the amount that is owed to them, and that becomes a county liability. Chair Sanders said this is why the Councillors became concerned, because of the condition of the County General Fund. She said that she understands that from the Assessors' perspective, this arrangement may look good if it is working in their particular township. However, everyone should be aware of the holistic view of its impact on Marion County.

Councillor Nytes asked how the \$862,000 owed to TMA is concluded as a county responsibility, when the contract was not signed by the Council or by County-elected Officials, but was instead signed by individual Township Assessors. Ms. Land said that it was a contract of which the content was approved by City Legal, and the Assessors are part of the county government. She said that their budgets are funded by the General Fund and, therefore, if sued, the money would come from the General Fund.

Councillor Plowman asked if there are any townships to which the agreement is unprofitable. Mr. Rodman said that page 2 of Exhibit B shows the percent of tax dollars that are going to each of the units. He said that although Washington Township's percentage reflects 0%, there was approximately \$600 paid to that unit. As a result, every township received some tax dollars.

Councillor McWhirter asked if the increases will be repetitive for future years if the businesses stay in the townships, as it is now recognized that they were previously below value. Ms. Land answered in the affirmative. Mr. Rodman said that the problem will be indetermining who will check to ensure that the self-assessments are being done. He said that the question is if an outside vendor is needed to do the audits, since the Townships Assessors were not able.

Councillor Nytes said that although the increases will be repetitive, the refunds will also be repetitive in the future. She asked if the gain is a multi-year gain or a yearly gain. Mr. Rodman answered that it is a multi-year gain. Mr. Brown said that page 2 of Exhibit B reflects a total of 38% distributed to the units, but it should have been 75%, based upon the information that the Council was given. He said with regard to contract performance, the question should be why the units did not receive the 75%.

Councillor McWhirter asked if the Township Assessors have a spokesman. Chair Sanders asked if the presentation can be completed before hearing from the assessors. Councillor McWhirter answered in the affirmative.

Mr. Rodman said that page 3 of Exhibit B summarizes that 38% was the net tax to the units, and 62% was paid to TMA, which resulted in TMA receiving \$.62 for every dollar collected.

Councillor McWhirter asked of the overall taxes collected, what percentage is attributed to the refund. Ms. Land answered that she is unsure. Councillor McWhirter asked what the total amount of taxes collected overall is. Mr. Rodman answered that overall taxes collected are \$1 billion. Chair Sanders asked if the refund amount shown in Exhibit B is for all taxes that have been collected. Ms. Land answered in the negative and said that those refund amounts are only reflective of what has been done by TMA. She said that the Treasurer's Office has recently completed \$15 million of refunds from December 1, 2006 to the present, and there are more to be done.

Councillor Plowman asked if the 75% distribution to the units was in writing. Ms. Land answered in the negative. Councillor Plowman asked if the City is still ahead. Mr. Rodman answered in the affirmative, but stated that there is still the question of the amount of unbilled invoices. Chair Sanders said that she believes that it is relative to the cost of collecting the amount received. She said, for example, page 3 of Exhibit B reflects that Washington Township received approximately \$617, but the cost to collect that amount was slightly over \$707,000. Councillor Plowman asked if there is a way that the City can handle this process in the future or ensure that a more solid contract is negotiated. Mr. Brown said that another issue with the process is that, in dealing with taxpayer money, the City should be aware as to whether the increases were based upon a fair price. Unfortunately, there is no way to track the information. Ms. Land said that she understands the Assessors' perspective on the ability to have the audits done, but she believes that the charge for the service was too high. She said that TMA receives



between \$700,000 and \$10,000 per audit, whereas, the City could possibly hire accountants locally for each township and pay them a salary, including fringes and benefits, and still not total the amount that TMA is charging.

Mr. Rodman said that he is very concerned that TMA has shared figures that do not correspond to the Treasurer's figures, and he does not know how to resolve that. Councillor McWhirter commented that no more payments should be forwarded to TMA until the books are reconciled. Chair Sanders said that she agrees with Councillor McWhirter; however, there is a possible liability because a contract has been signed. Chair Sanders said that there needs to be a solution to the process that appeases everyone and determines what the efficiencies are for reporting and settling.

Councillor Nytes asked why there are huge differences in the percentage amount paid to each unit. Ms. Land said that she does not believe that there is enough information available to make the determination, but she believes that it is based on the amount of taxes collected in each township.

Councillor McWhirter asked if the ordinance can be amended to state that nothing is disbursed until all outstanding balances are paid. She asked if that change will eliminate the balance owed to TMA, since this is the last year of their contract. Ms. Land said that there is no guarantee that it can be eliminated, because there are so many unknowns. Councillor Nytes said that may put the County back into a situation in which taxpayers from one individual township pay the fees to have another township's assessments updated, which was one of the principles that the City was trying to avoid.

Councillor Nytes asked if there is a coordinator among the Township Assessors for the contract. Joline Ohmart, Washington Township Assessor and President, Marion County Township Assessors, answered in the negative. She stated that everything has been a joint effort by the Assessors. Councillor Nytes asked if each township worked individually with TMA for their township. Ms. Ohmart answered in the affirmative. Councillor Nytes asked if the Assessors know how many more files need to be processed. Ms. Ohmart answered that Washington Township has approximately 400, but she is unaware as to the amount of the other townships. She said that information can be made available to the Committee. Councillor Nytes asked if any of the townships know how much TMA is still owed for their particular township. Ms. Ohmart said that the Assessors are unsure of the amount at this time.

Chair Sanders asked if the formula that the Assessors used to determine which files were turned over to TMA can be provided to the Committee. Ms. Ohmart answered that all files over \$50,000 were given to TMA. Chair Sanders asked if the Assessors can provide the Committee with a list of the individual files that were turned over to TMA. Ms. Ohmart answered in the affirmative.

Councillor McWhirter asked why a three-to-one payout was anticipated and why that did not happen. Ms. Ohmart said that TMA's history reflected a three-to-one payback, and that is what the Assessors initially based the contract on. Councillor McWhirter asked if the Assessors are fairly satisfied with the audit and what they anticipate doing in the future. Ms. Ohmart said that it has not been discussed as a group, but they feel that auditing is a necessity. However, the

Assessors will have to work out the methodology. Ms. Ohmart said that there is also \$3.2 million in penalties and interest that have not been included in the figures given to the Committee; therefore, the overall percentage will be slightly raised. Chair Sanders said that she is not sure that those figures can be included in the overall percentage. Ms. Ohmart said that it is money that will be received by the townships. She said that there are also some large amounts that are not yet on the books.

Councillor McWhirter asked if the Assessors anticipate that all of the auditing will be completed by the end of the contract, which is 2007, and how long after do they anticipate knowing the end results. Ms. Ohmart said that the Assessors have no control over that. Ms. Land said that TMA's bill will be paid in January, 2008, but the Treasurer will not be aware of any additional values that Assessors possess.

Greg Bowes, Marion County Assessor, said that the contract does not have an expiration date, as it reads that it will continue on a month-to-month basis until the Assessors give a written 30-day notice to cancel. However, he said that the ordinance has an expiration date of 2007. Mr. Bowes said also, as a part of the termination clause, TMA is allowed to complete any audit that they have been assigned, and invoice for that audit once completed. He said that TMA can only audit as assigned by the Assessors; therefore, the Assessors can stop sending audits without trouble. Mr. Bowes said that in speaking with TMA, he was told that approximately 1,700 audits have been assigned to the company and are all in various stages of completion. In response to Councillor McWhirter's question about benefits after the audits, Mr. Bowes said that personal property tax returns that are being audited are self-disclosed by the taxpayer. Therefore, there is no way of knowing if the information is accurate, unless an audit is completed. Because of this, there is no guarantee that additional revenue will be received each year. Ms. Land said that audits have been on Schedule A and Schedule B, and Schedule B for businesses is for inventory. She said that the Schedule B is going away, effective this year; therefore, some of the realization may not be realization in future years.

Chair Sanders said that she does not believe that the information given is anything that anyone could have predicted, but it raises concerns about how to proceed, how to pay unfunded balances, and what to do to improve the process. She suggested that maybe an audit can be performed on the auditors.

Councillor Nytes said that it concerns her that it will not be documented in any budget or published financial report that the cost of auditing personal property tax returns for this time period was \$7 million, because it was paid off the top. She said that assessments cost money, and the City's challenge should be to find the most efficient and cost-effective way to perform assessments. She said that there are still a lot of unanswered questions, and the potential liability is unknown. She said that she would like to ask the President of the Council to ask that the Assessors cease giving TMA any more files for a time period, during which time a review of the process and the procedures involved with the contract can be conducted.

Councillor Nytes moved, seconded by Councillor Bateman, to request that the President of the Council allow the Council to conduct a formal review by an objective third-party of this process to date, the reconciliation issue, and projections as to where the County is likely to end up before the end of the contract this year.

Councillor McWhirter said that she is concerned that there is no timeframe on the motion. Councillor Nytes asked to amend the motion to have the review completed by June 1. Councillor Plowman asked Ms. Ohmart how the Assessors feel about a review being done on TMA. Ms. Ohmart said that she understands that the Committee feels that a review is appropriate. Councillor McWhirter asked what type of review is being sought. Mr. Rodman said that he would like for a review/audit to be done to examine the Treasurer's figures and TMA's figures to ensure that everything is reconciled. Mr. Rodman said that the Treasurer's Office books are public record, and it should not take much time for a review or an audit to be done on them. Ms. Land said that the Treasurer's 2005 books have already been audited as a county-wide audit; therefore, they will simply need to be compared to TMA's 2005 books. Mr. Brown said that if it is a contract review, it is typical to break the contract down into deliverables, review all the invoices, and take samples to ensure that they have done the work for which they have been. Councillor McWhirter asked if a review is being done to see if TMA has done their job or if too much money has been paid to them. Mr. Brown answered that both of the issues will be examined. Mr. Rodman said that he would like to see some of the undefined things calculated.

Becky Williams, Franklin Township Assessor, said that six of the Assessors have petitioned the State Board of Accounts to audit the Fund. She said that she was not aware of the figures, but she has spoken with TMA, and they say they have found over \$500 million in assessed valuation. She said that should amount to a lot of taxes. She said that if the Assessors were aware of the issues, they could have possibly gotten the answers from TMA. She said that she was told that no more payments were to be sent to TMA, but the reasons were not disclosed. Ms. Williams said that TMA has performed audits all over the country, and to her knowledge, Marion County is the only county that has had any major problems. She said that the refunds were not a consideration in the beginning, but the State later informed them of the process of overpaid discoveries. Ms. Williams said that one of the reasons TMA was chosen is because the auditing may sometimes require travel out of the state to a company's headquarters. She said that she does not believe that the County will do that.

Ms. Ohmart said that she does not believe that the review should be done to determine if TMA is doing a good job, but to determine the reconciliation of the finances.

Councillor Nytes said that the Committee tried to retrieve accurate numbers associated with this contract and process last fall, but it was not resolved. She said that over the winter, the Council began to hear issues when it was time to send bills, which caused concern. Through discussion with some of the townships, it was discovered that there is a liability and interest is paid on it. She said that caused more concern. Chair Sanders said that the statements that Mr. Brown gave were from observations and questions at previous Administration and Finance Committee meetings since 2005. She said that Assessors have been represented at some of those meetings giving reports on the contract and the Committee asked for reports in Spring of 2005, in Fall of 2005, in Spring of 2006, and in Fall of 2006, and the information is still not available.

Councillor McWhirter asked if the motion carries, is it able to begin at any time and must it be completed by June 1. Chair Sanders said that it should be completed no later than June 1, but she would prefer that it be completed prior to that time. Councillor McWhirter asked who would

perform the review. Chair Sanders said that she believes that the Council will hire an outside consultant to receive an independent view, who has experience in tax assessment and extensive credibility.

Councillor Nytes moved, seconded by Councillor Bateman, to respectfully request that the Assessors suspend the release of files to TMA for audit, and that the Chair be authorized to ask the President of the Council for a review of this process, to be completed no later than June 1. The motion carried by a vote of 5-0.

Councillor Plowman asked if the Council has the authority to mandate that the Assessors stop payment. Councillor Nytes said that she is unsure, since the Assessors signed the contract, but the review can still be done.

With no further business pending, and upon motion duly made, the Administration and Finance Committee of the City-County Council was adjourned at 6:45 p.m.

Respectfully submitted,

Joanne Sanders, Chair  
Administration and Finance Committee